

ASSEMBLY BILL

No. 1898

Introduced by Assembly Member Alejo

February 22, 2012

An act to amend Section 41329.52 of the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1898, as introduced, Alejo. Education finance: emergency apportionments.

Existing law requires a school district that receives an emergency apportionment to enter into a lease financing with the California Infrastructure and Economic Development Bank for the purpose of financing the emergency apportionment. Existing law specifies various terms of the lease.

This bill, commencing January 1, 2013, would provide that, for any lease financing with a total value of less than or equal to \$25,000,000, adjusted annually as specified, entered into for the purpose of financing the emergency apportionment, the source of the financing would be the Pooled Money Investment Account, and the interest rate would be the rate earned by moneys in the Pooled Money Investment Account as of the date of the initial disbursement of emergency apportionment funds to the school district, unless the interest rate charged by the California Infrastructure and Economic Development Bank as of the date of the initial disbursement of emergency apportionment funds is lower than the Pooled Money Investment Account rate.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 41329.52 of the Education Code is amended to read:

41329.52. (a) A school district may receive a two-part financing designed to provide an advance of apportionments owed to the district from the State School Fund.

(b) The initial emergency apportionment shall be an interim loan from the General Fund to the school district. General Fund money shall not be advanced to a school district until that district agrees to obtain a lease financing as described in subdivision (c) *or (d), as appropriate*, and the bank adopts a reimbursement resolution governing the lease financing. The interim loan shall be repaid in full, with interest, from the proceeds of the lease financing pursuant to subdivision (c) *or (d), as appropriate*, at a time mutually agreed upon between the Department of Finance and the bank. The interest rate on the interim loan shall be the rate earned by moneys in the Pooled Money Investment Account as of the date of the initial disbursement of emergency apportionments to the school district.

(c) ~~The~~ *Unless subdivision (d) is applicable, the* school district shall enter into a lease financing with the bank for the purpose of financing the emergency apportionment, including a repayment to the General Fund of the amount advanced pursuant to subdivision (b). In addition to the emergency apportionment, the lease financing may include funds necessary for reserves, capitalized interest, credit enhancements, and costs of issuance. The bank shall issue bonds for that purpose pursuant to the powers granted pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act as set forth in Division 1 (commencing with Section 63000) of ~~Part Title 6.7~~ of the Government Code. The term of the lease shall not exceed 20 years, except that if at the end of the lease term any rent payable is not fully paid, or if the rent payable has been abated, the term of the lease shall be extended for a period not to exceed 10 years.

(d) *Commencing January 1, 2013, for any lease entered into pursuant to this section with a total value of less than or equal to twenty-five million dollars (\$25,000,000), as adjusted each January 1 by the same percentage increase or decrease as occurred in the Implicit Price Deflator for State and Local Government Purchases*

1 of Goods and Services published by the United States Department
2 of Commerce in the preceding calendar year, the school district
3 shall enter into a lease financing for the purpose of financing the
4 emergency apportionment, including a repayment to the General
5 Fund of the amount advanced pursuant to subdivision (b). In
6 addition to the emergency apportionment, the lease financing may
7 include funds necessary for reserves, capitalized interest, credit
8 enhancements, and costs of issuance. The source of the financing
9 shall be the Pooled Money Investment Account, and the interest
10 rate shall be the rate earned by moneys in the Pooled Money
11 Investment Account as of the date of the initial disbursement of
12 emergency apportionment funds to the school district. If the interest
13 rate charged by the bank as of the date of the initial disbursement
14 of emergency apportionment funds is lower than the Pooled Money
15 Investment Account rate, the school district shall make the
16 repayment at the lower rate.

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